



# Department of Justice

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**JUSTICE DEPARTMENT FILES ANTITRUST SUIT AGAINST  
THE LARGEST REGIONAL ATM NETWORK IN THE U.S.**

Washington, D.C. -- The operator of the largest regional automated teller machine network in the United States agreed today to open its ATM network to competition after the Department of Justice's Antitrust Division alleged that its monopolistic and exclusionary practices caused more than a thousand banks to pay higher, non-competitive prices for ATM processing.

Consumers in Pennsylvania, New Jersey, Delaware, West Virginia, New Hampshire and portions of Ohio--a region in which one-seventh of the nation's population lives--were affected by the anticompetitive practices, the Department said.

The Department filed an antitrust monopolization and restraint of trade case against Electronic Payment Services Inc., the operator of the MAC ATM network. The suit alleges that in order to be a member of MAC ATM network, Electronic Payment Services compelled banks to purchase data processing services. This is the first "tying" case brought by the U.S. in more than 10 years.

Electronic Payment Services also used its control over ATM

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processing to prevent its ATM network member banks from connecting to competing ATM networks, the government said. This is the first monopolization case brought by the Administration.

At the same time, the Department filed a consent decree that, if approved by the court, would settle the suit. The consent decree would open the MAC ATM network to competition.

MAC, the dominant ATM network in Pennsylvania, New Jersey, Delaware, West Virginia, New Hampshire, and in large portions of Ohio, handles 92 million transactions a month for 27 million depositors of more than 1,400 banks at 13 thousand ATMs.

ATM networks have become an increasingly important means by which banks, savings and loan associations and credit unions offer their depositors convenient access to deposits. Absent competition, a dominant ATM network such as MAC can extract high prices from those banks dependent on it, the government said.

As a result of Electronic Payment Service's exclusionary practices, many banks, particularly small banks, thrifts, and credit unions, paid higher, noncompetitive prices for ATM processing. In addition, by preventing many banks from participating in competing ATM networks, Electronic Payment Services excluded ATM competitors from its market and maintained its monopoly over ATM network access.

Assistant Attorney General Anne K. Bingaman said, "This action demonstrates the Antitrust Division's commitment to preserve competition in electronic banking. The Department is

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committed to insuring that this important industry is open to competition, and we believe that competition will result in more choices for depositors and lower costs for depository institutions--particularly small banks, thrifts and credit unions."

According to Bingaman, this case makes good on the recent pledge by Attorney General Janet Reno before the Independent Bankers Association that we will vigorously and promptly pursue all complaints about anticompetitive practices by dominant ATM networks.

"Where appropriate, the Justice Department will take all necessary action to root out anticompetitive conduct that harms the banking industry or its customers," Reno said.

The proposed consent decree, to which both the United States and Electronic Payment Services have stipulated, provides Electronic Payment Services will open its MAC ATM network to independent ATM processors on a nondiscriminatory basis. It also provides that Electronic Payment Services will sell its ATM network services at prices that will not vary with the process selected, and will not discriminate in the provision of ATM network access to qualified third party processors.

Furthermore, Electronic Payment Services is limited in its right to prohibit banks from displaying multiple network marks on ATMs and ATM cards.

As required by the Tunney Act, the proposed consent decree

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will be published in the Federal Register, together with the Department's competitive impact statement, and any person may comment on the proposed decree by submitting their comments to the Department. . After a 60-day comment period, the United States will reply to any public comments and seek entry of the decree by the court. The decree will expire 10 years after entry.

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